



THE ASSISTANT SECRETARY OF COMMERCE  
WASHINGTON 25

February 20, 1959

**\*DOC Exempt Letter In ERU File\***

**MEMORANDUM**

TO : Members, Staff Committee  
Capt. W. B. Thorp, Defense  
Mr. Edward Rains, Treasury  
Mr. Robert B. Wright, State  
25X1A9a [REDACTED] CIA ✓

FROM : Marshall M. Smith  
Chairman, Staff Committee

SUBJECT: Questions for Discussion of Point 2 of Assignment

I have called a meeting for 10:00 A.M. <sup>Wednesday</sup> ~~Tuesday~~, February 25, in my office for discussion of Point 2 of the assignment given to the Staff Committee. Point 2 reads as follows:

"As a corollary to (1) above analyze the effectiveness of U. S. unilateral controls in the light of current U. S. economic defense policy."

For the purpose of this discussion "U. S. unilateral controls" are understood to cover the following control areas:

- A. Items appearing on the International Secondary Control List for which a unilateral U. S. denial policy exists;
- B. Items not appearing on the International List but for which a unilateral U. S. denial policy exists.
- C. Items not appearing on the International Secondary Control List but for which the U. S. requires a validated export license and applies a presumption for approval policy;
- D. Technical Data not covered by existing general licenses for the Soviet bloc.

The following questions may be helpful and are offered as a focus for discussion of Point 2:

1. With respect to control areas A and B above, is there any reason to doubt that those for which unilateral effective capabilities to impose a significant impact on the Bloc were deemed to exist during the recent review continue to meet those conditions and will do so for a reasonable period in the future? While it is recognized that for some of the items strict anti-frustration measures may be required to achieve a valid impact or to maximize the desired impact on the Soviet bloc, is

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there any reason to believe that the probable impact of such measures on our relationships with friendly countries will require a serious lessening in the desired severity of anti-frustration measures as issues arise? Is such a question too conjectural, particularly in the absence of significant current application of standard anti-frustration measures to these items? Why should not the effectiveness of these controls be increased by the application of transaction controls? Why is it deemed to be less important and more difficult to do this than to apply them to CoCom embargoed items? Should those who propose not to apply transaction controls in this manner be required to support their position with the same degree of substantive evidence as is required to support acceptance of an item for denial on the basis of its significant and effective impact? How can the impact of these controls on the Soviet bloc be most clearly identified and described?

2. Within control areas A and B above, is a worthwhile objective (security or other) effectively served by items which are under a denial policy for reasons of clear military importance but which are not deemed to have an effective impact on the Soviet bloc? If so, what is that objective and how is it achieved.

3. For control area C - items under an approval policy but for which validated licenses are unilaterally required - what purpose is effectively served by this control? Should this area be substantially narrowed with respect to its effectiveness? Should it be broadened? Does this effectiveness currently lie in the following contributions: (1) The maintenance of a control area of significant potential in the strategic field which has not been fully explored for rating purposes and which thus provides a review opportunity for either significant new technological developments or for large shipments; (2) the presence of a ready device for slowing down or cutting off trade with the Bloc without modification of outstanding regulations to reflect important changes in U.S.-Soviet bloc relationships; and (3) the presence of a device whereby easy adjustment in licensing policy across a broad field can be made between the USSR and individual satellites?

4. To what degree is the unilateral denial policy toward the Soviet bloc on most technical data being effectively carried out? To what extent does it have an impact on technological development with the Soviet bloc? In pure research in technological fields? In practical research fields? In engineering for production? In high volume production designs and techniques? In terms of savings in investment of time, skills, equipment and other costs? Is adequate effectiveness to be achieved by a control over technical data which does not provide for positive examination or an appropriate certification as to diversion and re-export by friendly countries to Bloc destinations? Is a voluntary system sufficient to insure the necessary anti-frustration? Is a mandatory type control not required even more for the less tangible technical data control than for commodities and equipment for which many such implementing steps have been taken for the more significant strategic commodities? Does the present denial policy cover too broad an area for effective control? Should it be narrowed? To what extent is the effectiveness of technical data controls limited by inadequate control regulations? By lack of adequate technical personnel? By inadequate enforcement and investigation techniques and staff?

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